

## REMARKS

This Response is submitted in reply to the Office Action dated December 7, 2004. Claims 1-7, 10-14 and 17-28 are pending in the patent application. Claims 1, 5, 13, 17, 19 and 22 have been amended. Claim 18 has been canceled without prejudice or disclaimer. No new matter has been added by any of the amendments made herein.

Claims 5 and 13 were rejected under 35 U.S.C. § 112. Claim 1, 10, 24-27 were rejected under 35 U.S.C. § 102(b). Claims 17 and 22 were rejected under 35 U.S.C. § 102(e). Claims 2-7, 11-14, 18-21, 23 and 28 were rejected under 35 U.S.C. § 103(a). Applicants respectfully submit for at least the reasons set forth below, that the rejections has been overcome or are improper. Accordingly, Applicants respectfully request reconsideration of the patentability of Claims 1-7, 10-14 and 17-28.

Claims 5 and 13 were rejected under 35 U.S.C. § 112, second paragraph. The Office Action states that Claims 5 and 13 include the phrase “a third signature” where there is no first and second signatures identified in either Claims 1 or 5. Applicants have amended Claim 5 to depend from Claim 4. Applicants have also amended Claim 13 to depend from Claim 12. Accordingly, Applicants respectfully submit that the amendments provide sufficient support for the phrase “a third signature” in Claims 5 and 13.

Claims 1, 10, and 24-27 were rejected under 35 U.S.C. § 102(b) as being anticipated by European Patent No. 0421808 to Mansvelt et al. (“*Mansvelt*”). Applicants respectfully disagree with and traverse this rejection because *Mansvelt* does not disclose, teach, or suggest the elements of these claims.

*Mansvelt* is directed to a funds transfer system which links a first portable data storage item to a financial institution. Specifically, the funds transfer system of *Mansvelt* includes a first portable data storage device such as a smart card which is linked to a second data storage device such as a retailer card. The system reduces the credit value on the smart card and adds the credit value to the second data storage device or retailer card. The retailer card is then linked with a second financial institution to transfer the credit value from the retailer card to an account held at the second institution. (See the Abstract; Col. 1, line 36 to Col. 2, line 21).

Contrary to the claimed invention, *Mansvelt* does not disclose, teach or suggest a store device providing at least one of commodities and services to a user. The Office Action states

that the retailers point of sale device or POS device is the same as the store device defined in Claim 1. Applicants respectfully disagree. The retailers POS device is a smart card reading device which allows communication between a client card or smart card and a retailer card. (Col. 4, lines 4-12). The POS device in *Mansvelt* facilitates the transfer of a credit value from the client's smart card to the retailer's card. The POS device does not provide any commodities such as products or services to the user.

Additionally, *Mansvelt* does not disclose, teach or suggest a settlement management device for managing settlements between the data storage device and the store device and a communication system for connecting the client device, the store device and the settlement management device to enable bi-directional communication between the client device, the store device and the settlement management device as in the claimed invention. The Office Action states that *Mansvelt* discloses a communication system such as a data network that connects the client device, the store device and the settlement management device to facilitate communication between these devices. (See the Office Action, page 3). Applicants disagree.

The data network in *Mansvelt* does not connect the client device, the store device and the settlement management device to facilitate communication between these devices. Instead the funds transfer machine or FTM which reads the client's smart card, the POS system and the second FTM which reads the retailer card are not linked to the same network nor does *Mansvelt* disclose, teach or suggest that these devices are linked to enable bi-directional communication between the devices.

Moreover, *Mansvelt* does not disclose, teach or suggest transmitting the settlement information subjected to the encryption processing to the client device or funds transfer machine where the client device outputs the settlement information received from the settlement management device to the data storage device. In *Mansvelt* the client's card or smart card is inserted into a funds transfer machine which is linked to the client's financial institution via a data network. When the client wants to purchase a product from a retailer, the client card and a retailer card are both inserted into the POS device at the retailer's store. The amount of the transaction is entered into the POS device. The POS device deducts the transaction amount from the credit value stored on the client card. The same transaction amount is transferred and added to the retailer card by the POS device to increase the credit value on the retailer card. In turn, the

retailer card is removed from the POS device and inserted into a second funds transfer machine which is linked to the retailer's financial institution. The credit value is transferred from the retailer card to the retailer's account at the second financial institution. (Col. 2, line 44-Col. 4, lines 43). The Office Action states that the settlement management device is the same as the second FTM which transfers the credit value from the retailer card to the retailer's financial institution. *Mansvelt* does not disclose, teach or suggest that the second FTM is in any way linked to the client's smart card. Therefore contrary to the claimed invention, the second FTM does not communicate with the client card to reduce the credit value on the client card. Instead as described in *Mansvelt*, the credit value is transferred from the client's card to the retailer's card via the POS device. At that point, the credit value on the client card is reduced by the transaction amount. No other communication is suggested or performed with the client card.

For at least these reasons, *Mansvelt* does not disclose, teach or suggest the elements of amended Claim 1. Therefore, amended Claim 1 and Claims 2-7 which depend from amended Claim 1, are each patentably distinguished over *Mansvelt* and in condition for allowance.

Claim 10 is directed to a settlement management device which includes certain similar elements to amended Claim 1. Specifically, Claim 10 includes the element of "a settlement information output part for outputting the settlement information subjected to the encryption processing to the data storage device through a client device provided with an information input and output function to the data storage device." As described above, *Mansvelt* does not disclose, teach or suggest that the settlement management device or second FTM is in communication with the client card. Therefore, *Mansvelt* does not disclose, teach or suggest the elements of Claim 10. Accordingly, Claim 10 and Claims 11-14 which depend from Claim 10 are patentably distinguished over *Mansvelt* and in condition for allowance.

Claim 24 is directed to a client device which includes certain similar elements to amended Claim 1. Specifically, Claim 24 includes the element of a settlement information output part for outputting the settlement information received from the settlement management device to the data storage device. As described above, *Mansvelt* does not disclose or suggest a settlement management device which is in communication with the client card to output settlement information between these devices. Therefore, for at least the reasons provided above

with respect to Claim 1, Claim 24 is patentably distinguished over *Mansvelt* and in condition for allowance.

Claim 27 is directed to an electronic settlement method which includes certain similar elements to amended Claim 1. Therefore for at least the reasons provided above with the respect to Claim 1, Claim 27 and Claim 28 which depend from Claim 27, are each patentably distinguished over *Mansvelt* and in condition for allowance.

Claims 17-22 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,327,578 to Linehan ("*Linehan*"). Applicants respectfully disagree with and traverse this rejection because *Linehan* does not disclose, teach or suggest the elements of Claims 17 and 22.

*Linehan* is directed to a method, system and program of doing business for electronic commerce that includes an issuer gateway which moves the credit or debit card authorization function from the merchant to the issuer. (See the Abstract). *Linehan* does not disclose, teach or suggest a store device which includes a settlement information creation part for creating settlement information to make settlement by the data storage device, an encryption part for encrypting the settlement information using a common key shared by the settlement management device and the data storage device. *Linehan* also does not disclose, teach or suggest a settlement information transmission part for transmitting the settlement request information with the first signature to the settlement management device which can check the validity of the first signature by using a public key corresponding to the private key of the store device and for transmitting the settlement information subjected to the encryption processing to a client device when the validity of the first signature is verified by the settlement management device.

For at least these reasons, *Linehan* does not disclose, teach or suggest the elements of amended Claim 17 and Claims 18-21 which depend from amended Claim 17. Therefore, Claim 17 and Claims 18-21 are each patentably distinguished over *Linehan* and in condition for allowance.

Amended Claim 22 includes certain similar elements to amended Claim 17. Therefore, *Linehan* does not disclose, teach or suggest the elements of amended Claim 22 for at least the reasons provided above with respect to amended Claim 17. Accordingly, amended Claim 22 is patentably distinguished over *Linehan* and in condition for allowance.

Claim 2, 3, 5, 11, 13 and 28 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Mansvelt* in view of *Linehan*. Claims 2, 3 and 5 depend from amended Claim 1. Claims 11 and 13 depend from amended Claim 10. Claim 28 depends from Claim 27. Accordingly, Claims 2, 3, 5, 11, 13 and 28 are allowable for at least the reasons set forth above with respect to amended Claims 1, 10 and 27 and for the further reasons that the combination of *Mansvelt* and *Linehan* fails to disclose, teach or suggest the novel elements of Claims 2, 3, 5, 11, 13 and 28 in combination with the novel elements of amended Claims 1, 10 and 27, respectively. For at least these reasons, Claims 2, 3, 5, 11, 13 and 28 are patentably distinguished over the combination of *Mansvelt* and *Linehan* and in condition for allowance.

Claims 4, 6, 12 and 14 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Mansvelt* and *Linehan* in view of U.S. Publication No. 2002/0194121 to Takayama (“*Takayama*”). Claims 4 and 6 depend from amended Claim 1. Claims 12 and 14 depend from Claim 10. Accordingly, Claims 4, 6, 12 and 14 are allowable for at least the reasons set forth above with respect to amended Claims 1 and 10 and for the further reasons that the combination of *Mansvelt*, *Linehan* and *Takayama* fails to disclose, teach or suggest the novel elements of Claims 4, 6, 12 and 14 in combination with the novel elements of amended Claims 1 and 10, respectively. For at least these reasons, Claims 4, 6, 12, and 14 are each patentably distinguished over the combination of *Mansvelt*, *Linehan* and *Takayama* and in condition for allowance.

Claims 7 was rejected under 35 U.S.C. § 103(a) as being unpatentable over *Mansvelt* in view of U.S. Patent No. 6,338,050 to Conklin et al. (“*Conklin*”). Claim 7 depends from amended Claim 1. Accordingly, Claim 7 is allowable for at least the reasons set forth above with respect to amended Claim 1 and for the further reasons that the combination of *Mansvelt* and *Conklin* fails to disclose, teach or suggest the novel elements of Claim 7 in combination with the novel elements of amended Claim 1. For these reasons, Claim 7 is patentably distinguished over the combination of *Mansvelt* and *Conklin* and in condition for allowance.

Claims 18-20 and 23 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Linehan* in view of *Mansvelt*. Claims 18-20 depend from Claim 17. Accordingly, Claims 18-20 are allowable for at least the reasons set forth above with respect to amended Claim 17 and for the further reasons that the combinations of *Mansvelt* and *Linehan* fails to disclose, teach or suggest the novel elements of Claims 18-20 in combination with the novel elements of amended

Claim 17. Therefore, Claims 18-20 are patentably distinguished over the combination of *Linehan* and *Mansvelt* and in condition for allowance.


Additionally, Claim 23 includes certain similar elements to amended Claims 1, 17 and 22. Therefore, for at least the reasons provided above with respect to amended Claims, 1, 17 and 22, the combination of *Linehan* and *Mansvelt* does not disclose, teach or suggest the elements of Claim 23. Therefore, Claim 23 is patentably distinguished over the combination of *Linehan* and *Mansvelt* and in condition for allowance.

Claim 21 was rejected under 35 U.S.C. § 103(a) as being unpatentable over *Linehan* and *Mansvelt* and in further view of *Takayama*. Claim 21 depends from Claim 17. Accordingly, Claim 21 is allowable for at least the reasons set forth above with respect to amended Claim 17 and further reasons that the combination of *Linehan*, *Mansvelt* and *Takayama* fails to disclose, teach or suggest the novel elements of amended Claim 21 in combination with the novel elements of amended Claim 17. For at least these reasons, Claim 21 is patentably distinguished over the combination of *Linehan*, *Mansvelt* and *Takayama* and in condition for allowance.

In light of the above, Applicants respectfully submit that Claims 1-7, 10-14 and 17-28 are patentable over the art of record because the cited art, whether taken alone or in combination, does not disclose, teach or suggest the elements of these claims. Accordingly, Applicants respectfully request that Claims 1-7, 10-14 and 17-28 be deemed allowable at this time and that a timely notice of allowance be issued in this case.

No fees are due in the case. If any other fees are due in connection with this application, the Patent Office is authorized to deduct the fees from Deposit Account No. 02-1818. If such a withdrawal is made, please indicate the attorney docket number (0112857-245) on the account statement.

Respectfully submitted,

BELL, BOYD & ALLOYD LLC  
BY   
Christopher S. Hermanson  
Reg. No. 48,244  
P.O. Box 1135  
Chicago, Illinois 60690-1135  
Phone: (312) 807-4225  
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